

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE COMPLAINT OF MR. BRIAN H.	)	
MCKEOWN AGAINST KENTUCKY	)	CASE NO. 8821
UTILITIES COMPANY	)	

O R D E R

On January 6, 1982, Mr. Brian H. McKeown filed a letter of complaint with the Public Service Commission ("Commission") questioning whether Kentucky Utilities Company ("KU") is correct in billing multi-residence apartment buildings served through a single meter under its General Service ("GS") rate schedule rather than the Residential Service ("RS") rate schedule. A copy of Mr. McKeown's letter was forwarded to KU, and KU's response was filed with the Commission on February 11, 1983. Subsequently, by letter dated March 16, 1983, Mr. McKeown requested that a hearing be held in the matter. A hearing was held in the offices of the Commission at Frankfort, Kentucky, on June 3, 1983.

Mr. McKeown owns a 12-unit apartment building which was constructed around 1973 prior to the effective date of 807 KAR 5:046 which requires that newly constructed buildings of this type have an individual meter for each dwelling unit. Prior to this regulation, the builder of a multi-unit dwelling was given an option of wiring for installation of individual meters and being billed on the RS rate or

receiving service through a master meter and being billed on the GS rate. The initial owner chose to be billed under the GS rate, and although the building's ownership has changed several times since construction, KU continues to render service under the GS rate.

Mr. McKeown's recorded date of electric service to the building is December 28, 1978. Each of the 12 apartment units has a separate control for heating and air conditioning and a separate entrance. Outside lights are located at the four corners of the building and a laundry area equipped with coin-operated machines is available for tenants only. The electric costs are calculated periodically and included in the rental rates.

At the time Mr. McKeown applied for service, KU's rules and rate schedules were not explained to him. He made inquiries shortly after purchasing the building. He indicated the answers were unclear to him, but he was convinced at that time that the GS rate was cheaper. His complaint in this case resulted from a recent comparison of the rates and charges to his all electric home and those to the apartment building. It is KU's practice to explain the rates to be charged when a customer applies for service; however, neither KU's rules nor other rate schedules are pointed out to the applicant. KU began distributing a "Service Guide" to electricians and building contractors in 1976 which explains the utility's billing policy for multi-family dwellings, but it does not furnish the Service

Guide to customers who subsequently purchase such buildings.

Mr. McKeown now feels that the RS rate would be more economical for his tenants, that the tariff allows him an option between the RS and GS rates, and that rate classification should be based on end use rather than the number of meters involved. KU maintains that the GS rate is the appropriate rate, that the option was exercised at the time of construction and that such option is no longer available to Mr. McKeown. Both parties cited various sections of the KU tariff in support of their positions. KU provided a billing comparison for a 12-month period from April 29, 1982, to April 29, 1983, showing Mr. McKeown's monthly usage and the costs on both the GS rate and the RS rate based on average usage for 12 residential units and one general service unit.

#### FINDINGS

(1) Total billing for Mr. McKeown's 12-month usage shows that the cost under the RS rate would have been approximately \$35 more for the year than under the GS rate. However, further analysis shows the monthly usage for 9 months was less than 5,000 KWH and for 3 months in excess of 5,000 KWH. For the 9 months when usage was less than 5,000 KWH, the cost was greater under the RS rate than under the GS rate. A cost savings would result from the RS billing only when monthly usage is in excess of 5,000 KWH.

(2) The KU tariff, Original Sheet No. 4, Electric Rate Schedule, Residential Service, provides that the RS

rate is available ". . . to residences, individual apartments . . . for all ordinary residential use of electric service, such as lighting, cooking, heating, refrigeration, air-conditioning, and household appliances . . . ." Thus the tariff clearly states that the RS rate is available to "individual apartments" for ordinary residential use. No reference is made to the method of application of the rate.

(3) Rule No. 1, Original Sheet No. 26, Rules Relating to Application of Residential Rate Schedule, of KU's rules prohibits billing of a multi-family dwelling served through a single meter as though it were a single residential unit. It further provides a method whereby, in cases when wiring and installation of individual meters would involve undue expense to the customer, the residential rate may be applied to multi-family dwellings with minimum bills and energy blocks multiplied by the number of dwelling units. The customer has the option of choosing application of the RS rate under this method or the applicable GS rate. KU's rules relating to all classes of electric service encourage the customer to periodically investigate the desirability of changing from one available rate to another.

(4) KU defines "customer" as the applicant for service. The option allowed by KU's tariff is, therefore, available to an applicant for service and cannot be restricted to the original builder. Mr. McKeown, as the applicant for service, should be given the option of billing

under the RS rate as prescribed by Rule No. 1 of the rules relating to the residential rate schedule or to continue to be billed under the GS rate schedule.

(5) The GS rate is available "[t]o commercial, industrial and other general lighting and small power loads . . . ". Lighting and areas of service such as the laundry areas which are common to all tenants are within the category of general lighting and small power loads to which the GS rate should be applied. Further, in the event the RS option is chosen by Mr. McKeown, he should provide facilities for the installation of a separate meter for the laundry area, outside lights and any other electric service common to the entire building, excluding central heating, ventilating and central air conditioning.

(6) KU's published rules pertinent to the issue herein have not been changed since Mr. McKeown applied for service to this building. Although KU did not automatically furnish these rules or point out the different rate schedules, Mr. McKeown could have specifically requested such information or exercised his right to file a complaint with the Commission at any time since application for service. Thus, there is no basis for adjustment of past billings.

IT IS THEREFORE ORDERED that Mr. McKeown shall be and hereby is allowed the option of being billed under the RS rate schedule as provided by KU's tariff, Original Sheet No. 26, Rule Nos. 1 and 5, and Findings 3 and 5 herein, or to continue under the GS rate schedule.

IT IS FURTHER ORDERED that, should the RS rate schedule be chosen, Mr. McKeown shall be required as a condition to such billing to wire the building and provide suitable facilities for installation of a separate meter for measurement of electric service to the laundry area, outside lights and any other electric service common to the entire building, excluding central heating, ventilating and air conditioning.

IT IS FURTHER ORDERED that no adjustment for past billing shall be required.

Done at Frankfort, Kentucky, this 14th day of July, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary